

Message Text

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UNCLAS DHAHRAN 0171

E.O. 11652: N/A
TAGS: BTIO, SA
SUBJECT: TWO INVESTMENT OPPORTUNITIES IN TRUCKING

1. POST HAS BEEN APPROACHED BY TWO WELL-REGARDED, MEDIUM-SIZED COMPANIES TO SEEK PARTNERS TO FORM TWO SEPARATE JOINT VENTURES AS COMMON CARRIERS. AS BUSINESS EXPANDS IN EASTERN PROVINCE AND INLAND DEMAND FOR IMPORTS FROW, THE NEED FOR COMMON CARRIER SERVICE PROVIDES INTERESTING INVESTMENT POSSIBILITIES FOR US TRUCKING COMPANIES LOOKING FOR OVERSEAS PROJECTS IN COUNTRY WHICH AHS ATTRACTIVE AND HEALTHY INVESTMENT CLIMATE FOR FOREIGN INVESTORS. BOTH PROPOSALS (SEE BELOW) ARE SIMILAR IN NATURE AND OFFIER PROSPECTIVE INVESTORS A CHOICE. POST MAY HAVE, AT LATER DATE, THIRD COMPANY WISHING US JOINT VENTURE PARTNER TO ESTABLISH TRUCKING COMPANY. FOR BACGROUND INFORMATION ON TRUCKING CONDITIONS IN EASTERN PROVINCE, SEE DHAHRAN A-31.

2. DIHAN A. AL-AMMERY ESTABLISHMENTS, P.O. BOX 1228, DAMMAM, ATTN: LARRY E. MILLER, VICE PRESIDENT, (TELEX 67006SJ). US -MANAGED COMPANY WHICH OPERATES 64 TRACTORS, SIX TANKERS AND ASSOCIATED ROAD EQUIPMENT.
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LARGE LOCAL COMPANY WHICH HAS DIHAN UNDER CONTRACT COMMENTS THAT TRUCKER AHS PROVIDED GOOD SERVICE AND "NOW SEEMS TO HAVE THE JUMP ON THE COMPETITION". IT IS NOW SETTING UP IMPROVED AGARAGE/SERVICE SUPPORT OPERATION. FIRM'S BANKER HAS BEEN CONSULTED AND ADVISES HE IS VERY SATISFIED WITH THE WAY DIHAN HAS CONDUCTED ITS BUSINESS AND THINKS VERY HIGHLY OF

COMPANY. SENIOR AMERICAN MANAGER IN COMPANY HAS ENCOURAGED OWNERS OF DIHAN TO SEEK AMERICAN PARTNER AS HE FEELS THAT SAUDI COMPANY CAN GAIN, THOUGH PARTNER-SHIP, AN OPERATION OF THE SCALE THAT CAN BE MUCH MORE PROFITABLE THAN THE PRESENT SMALLER-SIZED COMPANY.

3. AL-KAJDOUE TRADING ESTABLISHMENT, P.O. BOX 336, DAMMAM, ATTN: ABDULKHALIQ A. AL-GHAMEDI, MANAGER TRANSPORTS. AL-MAJDOUE IS ROUGHLY THE SAME SIZE AS DIHAN AND OPERATES, FURTHERMORE, FROM A GOOD BASE JUST NEAR THE CONFLUENCE OF THE THREE MAINROADS SERVING THE EASTERN PROVINCE. COMPANY IS DESCRIBED AS WELL-MANAGED AND, ACCORDING TO MANAGER OF ONE VERY LARGE COMPANY WHICH HAS USED ITS SERVICES FOR SEVERAL YEARS, AL-MAJDOUE CAN BE CONSIDERED "ONE OF THE BETTER CARRIERS" IN THE AREA AND "THE MOST RELIABLE". FIRM'S BANK REPORTS THAT IT HAS DEALT WITH AL-MAJDOUE FOR SEVERAL YEARS WITH COMPLETE SATISFACTION.

4. BOTH COMPANIES HAVE ADVISED POST THAT THEY ARE KEEN TO FORM UP WITH US PARTNER QUICKLY AS THEY SEE PROSPECTS OF LARGE LUCRATIVE CONTRACTS IN VERY NEAR FUTURE. BOTH NOTE THAT GOVERNMENT AGENCY SETTING UP NEW INDUSTRIAL CITY OF JUBAIL WILL SHORTLY BE CALLING FOR TENDERS ON MAJOR HAULAGE PROJECT. ONE COMPANY, AL-MAJDOUE, HAS SUGGESTED THAT IT IS QUITE INTERESTED IN JOINT-VENTURE THAT CAN PROVIDE PORT CLEARING AND FORWARD SERVICES (AT JUBAIL) AS PART OF TRUCKING OPERATION. ALSO, EXPANSION OF ARABIAN AMERICAN OIL UNCLASSIFIED

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COMPANY OPERATIONS ARE VIEWED BY BOTH COMPANIES AS HOLDING GOOD PROSPECTS FOR NEW JOINT VENTURE.

5. WHEN INTERESTED COMPANIES REPLY TO FOREGOING, APPRECIATE THEY DROP INFO COPIES TO ECONOMIC/COMMERCIAL SECTION AMERICAN CONSULATE GENERAL, APO NEW YORK 09616. INTERNATIONAL MAIL SERVICE NOT ALWAYS THE BETS TO DHAHRAN AND CARBON COPY OF LETTER TO CONSULATE GENERAL WILL INSURE MESSAGE REACHES ADDRESSEE. BUSHNELL

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